

A RESOLUTION

BY TRANSPORTATION COMMITTEE

02- R -0508

A RESOLUTION AUTHORIZING THE MAYOR OR HER DESIGNEE TO EXECUTE THE NECESSARY AGREEMENTS WITH GATE GOURMET, INC. FOR PURCHASE OF THE LEASEHOLD INTEREST OF GATE GOURMET, INC., IN THE LEASE AGREEMENT WITH THE CITY OF ATLANTA FOR A FLIGHT KITCHEN IN THE CENTRAL TERMINAL SUPPORT AREA (CTSA) AT HARTSFIELD ATLANTA INTERNATIONAL AIRPORT, DATED MARCH 31, 1993, AS AMENDED, IN SUPPORT OF THE CONCOURSE E EXPANSION AND LANDSIDE ACCESS (CEELA) PROJECT, FOR A COST TO THE CITY NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000.00), TO BE CHARGED TO AND PAID FROM FUND ACCOUNT CENTER NO. 2H26 571001 R21E052096AA; AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta, as owner and operator of Hartsfield Atlanta International Airport ("Airport"), has undertaken a major airport expansion project involving the construction of a new Eastside Terminal building, associated roadway access and automobile parking facilities on the east end of Concourse E, termed the Concourse E Expansion and Landside Access (or "CEELA") project, as part of the Airport Master Plan development with approval by a Majority-In-Interest vote of the Airlines serving the Airport;

WHEREAS, on March 31, 1993 the City of Atlanta, entered into a Lease Agreement for Flight Kitchen Facility with Martin R. Shugrue, Jr., as Trustee for the Estate of Eastern Airlines, Inc., ("Trustee") for approximately 8.926 acres of land and improvements in the Central Terminal Support Area (CTSA) at the Airport, for a term commencing April 1, 1992, and ending September 20, 2010, with two automatic 5-year extensions (the "Lease Agreement");

WHEREAS, said Lease Agreement was subsequently transferred by the Trustee to Dobbs International, Inc., with the consent and approval of the City, and Dobbs International, Inc., was acquired by Gate Gourmet, Inc. ("Gate Gourmet"), who is currently the Lessee thereunder;

WHEREAS, the City requires the use of Gate Gourmet's leasehold in connection with the CEELA project and, therefore, it is necessary to purchase the Leasehold Interest of Gate Gourmet, in said Lease Agreement; and

WHEREAS, after extensive negotiations between Gate Gourmet, and the City, and based upon the undepreciated value of the Gate Gourmet/Dobbs Unit 310 Flight Kitchen Facility and a fair market valuation of the furniture, fixtures and equipment (FF&E) therein, a tentative agreement has been reached on a purchase price that is acceptable to the Aviation General Manager, Gate Gourmet, and the Airlines, as hereinafter set forth.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, GEORGIA, that the Mayor or her designee be and hereby is authorized to

execute on behalf of the City of Atlanta the necessary agreements with Gate Gourmet for the leasehold purchase, which shall provide for the relinquishment by Gate Gourmet of approximately 8.9 acres of land comprising its Leased Premises under the Lease Agreement for a Flight Kitchen in the CTSA at Hartsfield Atlanta International Airport, more particularly shown on the drawing attached hereto as Exhibit A and made a part hereof by reference, subject to the following terms and conditions:

1. The City shall pay to Gate Gourmet the sum of Ten Million Dollars (\$10,000,000.00) for the purchase of the Leasehold Interest of Gate Gourmet in the said Lease Agreement and in full settlement of all of Gate Gourmet's right, title, interest and claims arising out of Gate Gourmet's relinquishment to the City of that portion of Gate Gourmet's leasehold interest indicated on "Exhibit A".
2. Such other terms, conditions, and provisions as are required by City Ordinances or customarily included in leasehold interest relinquishment agreements of a similar nature at the Airport.

BE IT FURTHER RESOLVED that the cost to the City under said Agreement shall be charged to and paid from Fund Account Center No. 2H26 571001 R21E052096AA.

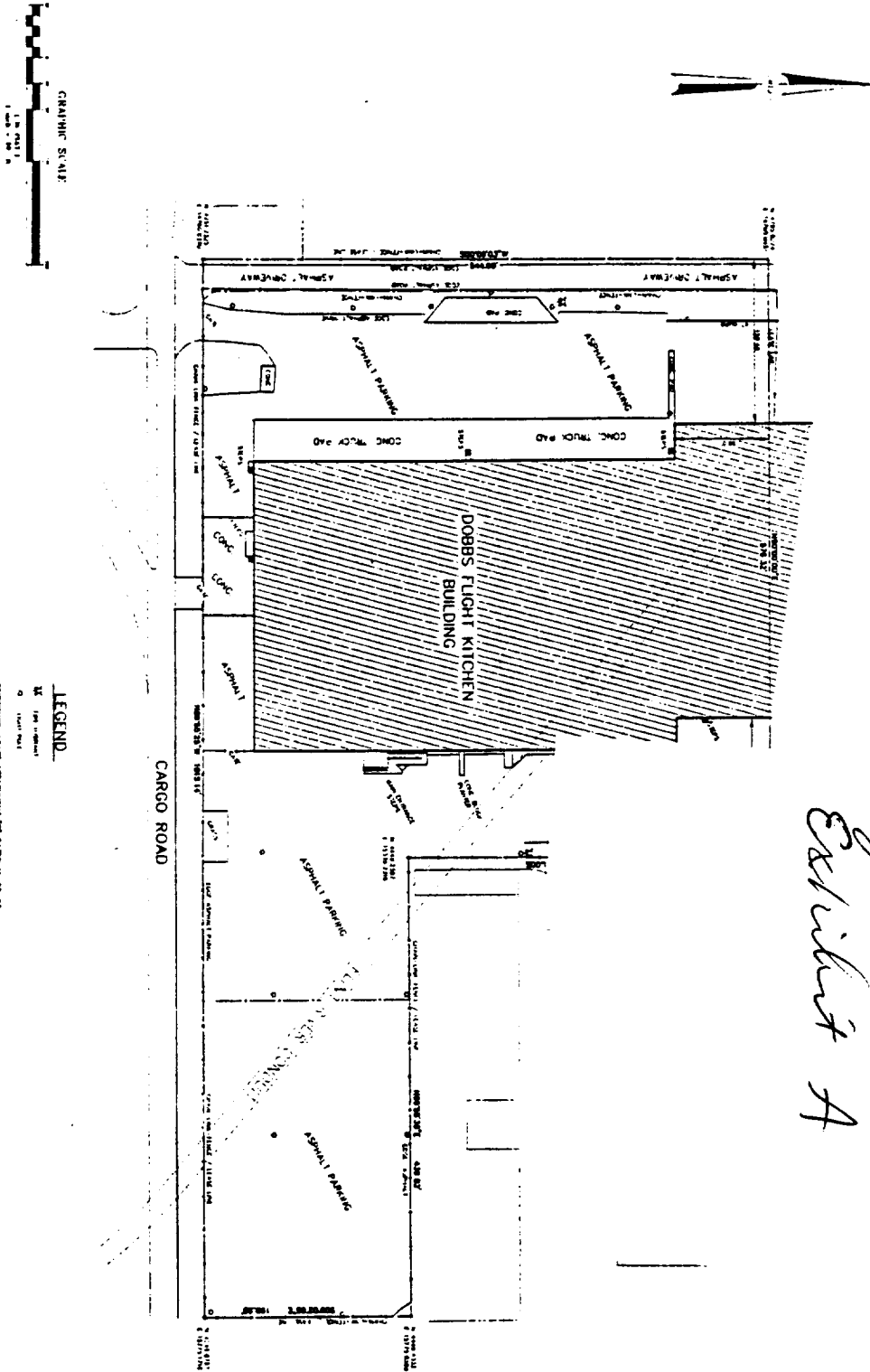
BE IT FURTHER RESOLVED that the Mayor or her designee be and hereby is authorized to execute an appropriate agreement or agreements with Gate Gourmet, or other instrument(s), as required to consummate this transaction on behalf of the City.

BE IT STILL FURTHER RESOLVED that the City Attorney be and hereby is directed to prepare said agreement(s) or other instrument(s) for execution by the Mayor, to be approved as to form by the City Attorney.

BE IT FINALLY RESOLVED that the Chief Financial Officer be and hereby is authorized and directed to pay the abovesaid Purchase Price to Gate Gourmet, upon receipt of a requisition therefor from the Aviation General Manager.

EXHIBIT A

*Carl Courant
Legislation
Exhibit A*



LEGEND
 X 1/2" = 1'-0"
 O 1/4" = 1'-0"
 REFERENCE: LEGAL ATTACHMENT "A" DATED 11-13-83



TRANSMITTAL FORM FOR LEGISLATION

To Mayor's Office: Greg Pridgeon

General Manager's Signature: MCA

From: Originating Dept. Aviation

Committee of Purview: TC

Committee Meetings: 3/27/02

Contact: Anita Williams 404-530-6600

Committee Deadline: 03/15/02

City Council Meeting: 4/1/02

CAPTION:

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE THE NECESSARY AGREEMENTS WITH GATE GOURMET, INC. FOR PURCHASE OF THE LEASEHOLD INTEREST OF GATE GOURMET, INC., IN THE LEASE AGREEMENT WITH THE CITY OF ATLANTA FOR A FLIGHT KITCHEN IN THE CENTRAL TERMINAL SUPPORT AREA (CTSA) AT HARTSFIELD ATLANTA INTERNATIONAL AIRPORT, DATED MARCH 31, 1993, AS AMENDED, IN SUPPORT OF THE CONCOURSE E EXPANSION AND LANDSIDE ACCESS (CEELA) PROJECT, FOR A COST TO THE CITY NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000.00), TO BE CHARGED TO AND PAID FROM FUND ACCOUNT CENTER NO. 2H26 571001 R21E052096AA; AND FOR OTHER PURPOSES.

BACKGROUND/DISCUSSION: The site of the Gate Gourmet, Inc., in-flight catering kitchen is required for construction of the Concourse E Expansion and Landside Access ("CEELA") project. It is part of the area needed for extension of Concourse E to the east, construction of a new north-south taxiway to replace an existing taxiway that will be eliminated, and construction of a public parking lot and roadway access to the new Eastside Terminal facilities. Other similar CEELA project acquisitions include a portion of Delta's Technical Operations Center, approved by the Transportation Committee on February 13, 2002 and adopted by City Council on February 18, 2002, and the sites of the Federal Aviation Administration's SMO and the United States Postal Services' Airport Mail Center Annex, to be presented for approval in the near future.

Negotiations between Gate Gourmet began with Gate Gourmet, Inc. seeking the amount of \$13.915 million, based upon Gate Gourmet, Inc.'s estimated loss of leasehold interest and costs of mitigating the resulting adverse effect on Gate Gourmet's business. The negotiations resulted in a tentative agreement in July 2001 for a purchase price of \$10.535 Million, which was based on Gate Gourmet's originally sought amount and the undepreciated value of the kitchen building of \$7,185,000.00 and a fair market valuation of the furniture, fixtures and equipment (FF&E) in the building of \$3,350,000.00 and that was subject to the parties' closing the sale within a reasonable time. However, Gate Gourmet was not prepared to close the sale as originally agreed to and scheduled, and the closing was delayed. The closing has been rescheduled to occur on or before April 30, 2002 and a settlement was finally reached with Gate Gourmet, Inc., for the \$10 Million proposed amount in the Resolution.

FINANCIAL IMPACT: \$10,000,000.00

SOURCE: PFC FUNDS

Mayor's Staff Only:

Received by Mayor's Office: 3/11/02

(Date)

Reviewed: [Signature]

(Initials)

(Date)

Submitted to Council: _____

Action by Committee: Approved Adversed Held
Amended Substitute Referred Other